

Message Text

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ACTION OPR-02

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC PRIORITY 5819

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TAGS: ASCH ET

SUBJ: AMERICAN COMMUNITY SCHOOL (ACS)

REF: A. ADDIS A-71 (MAY, 1975)

B. STATE 132087

C. STATE 142331

1. EMB HAS PREPARED DRAFT DIP NOTE WHICH WE PROPOSE

SENDING GOE ON ACS. WOULD APPRECIATE PRIORITY REVIEW AND COMMENT
ON BELOW TEXT TO ENABLE US SEND NOTE EARLY NEXT WEEK. PROBABLY
ONE-THIRD DROP IN ACS ENROLLMENT/TUITION REQUIRES URGENT ATTENTION
TO ACS STATUS/TAX SITUATION AS IMPORTANT EFFORT KEEP SCHOOL SOLVENT.
NON-ESSENTIAL WORDS OMITTED.

2. COMPLEMENTARY OPENING --- AND HAS HONOR SUBMIT A PROPOSED AGREEMENT CONCERNING LEGAL AND FINANCIAL STATUS OF ACS. IN 10 YEARS SINCE ACS WAS ESTABLISHED CHANGES IN ORIGINAL ASSUMPTIONS REGARDING SCHOOL'S

OPERATION, AND EDUCATION WITHIN ETHIOPIA, HAVE OCCURRED. THE PURPOSE OF THE PROPOSED AGREEMENT IS TO BRING THE AMERICAN COMMUNITY SCHOOL STATUS INTO HARMONY WITH THESE CHANGES.

3. THE ACS EXISTS TO PROVIDE AN AMERICAN EDUCATION TO DEPENDENTS OF UNITED STATES OFFICIALS WHILE THEY ARE TEMPORARILY SERVING IN

ETHIOPIA. HOWEVER, IN ACCORDANCE WITH SCHOOL'S STATUTES AND UNCLASSIFIED

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BY-LAWS, WHICH ARE ON FILE WITH MINISTRY EDUCTION, ACS IS RE-

COGNIZED AS A NON-PROFIT, PRIVATE, ETHIOPIAN SCHOOL. ONE PURPOSE OF PROPOSED AGREEMENT WOULD BE TO RECOGNIZE SCHOOLS EXISTENCE AS A UNITED STATES GOVERNMENT SPONSORED DIPLOMATIC OR COMMUNITY SCHOOL, INSTEAD OF A PRIVATE, ETHIOPIAN SCHOOL. THIS STATUS WOULD ALLOW ACS TO PURSUE ITS PRIMARY FOREIGN EDUCATION PURPOSE WITHOUT CONTRAVENING ETHIOPIAN EDUCATION POLICIES.

4. EMBASSY WISHES TO NOTE THAT ACS IS A UNITED STATES GOVERNMENT SPONSORED SCHOOL IN ALL PRACTICAL RESPECTS: (TEXT THEN DRAWS ON REFTEL B, PARA 6 TO DEMONSTRATE THAT ACS IS A USG SPONSORED RPT SPONSORED SCHOOL). THESE GRANTS AND PAYMENTS, ALONG WITH TUITION PAID BY OTHER OFFICIAL INTERNATIONAL ORGANIZATIONS FOR DEPENDENTS OF THEIR EMPLOYEES, ACCOUNTED FOR 93 PERCENT OF THE SCHOOL'S OPERATING BUDGET LAST YEAR.

EMBASSY WISHES TO NOTE THAT FOR THE FIRST FIVE YEARS OF ITS EXISTENCE, ACS FUNCTIONED AS ORIGINALLY INTENDED, AS A DIPLOMATIC OR COMMUNITY SCHOOL, AND WAS EXEMPTED FROM TAXES. HOWEVER, GOE HAS REGARDED ACS AS A PRIVATE ETHIOPIAN SCHOOL AND FIVE YEARS AGO, IMPOSED TAXES ON INCOMES OF ALL ACS EMPLOYEES, INCLUDING U.S. RECRUITED STAFF. EMBASSY WOULD LIKE ACS STATUS TO BE FORMALLY ESTABLISHED AS A DIPLOMATIC OR COMMUNITY SCHOOL AND WISHES TO ACHIEVE THE FOLLOWING EXEMPTIONS:

(1) REGISTRY WITH MINED AS DIPLOMATIC OR COMMUNITY SCHOOL, AND SUBJECT TO MINISTRY'S REGULATIONS GOVERNING SUCH SCHOOLS RATHER THAN PRIVATE, ETHIOPIAN SCHOOL REGULATIONS.

(2) EXEMPTION FROM CUSTOMS DUTY OR IMPORT DUTY ON ALL SUPPLIES, MATERIALS AND EQUIPMENT FOR USE IN IMPLEMENTING PROGRAMS OF SCHOOL. SUCH IMPORTATIONS WILL INCLUDE BOOKS AND STATIONARY, LABORATORY EQUIPMENT AND SUPPLIES, TEACHING MATERIALS FOR VOCATIONAL SUBJECTS, IMPLEMENTS AND SCHOOLROOM FURNITURE.

(3) EXEMPTION FROM CUSTOMS DUTY OR IMPORT DUTY ON MOTOR VEHICLES WHICH ARE RECEIVED AS GRANTS-IN-AID FROM U.S. GOVERNMENT SOURCES FOR OFFICIAL USE OF SCHOOL.

(4) EXEMPTION FROM FOREIGN EXCHANGE CONTROL LAWS TO ALLOW THE OPERATION OF A FOREIGN BANK ACCOUNT TO MEET OUT-OF-COUNTRY UNCLASSIFIED

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FOREIGN EXCHANGE COSTS OF ACS.

IN ADDITION, EMBASSY REQUESTS GOE TO GRANT THE BENEFITS LISTED HEREUNDER TO NON-ETHIOPIAN TEACHERS AND ADMINISTRATIVE STAFF, AND MEMBERS OF THEIR FAMILIES: (ETHIOPIAN TEACHERS AND ADMINISTRATIVE STAFF WILL BE SUBJECT TO ETHIOPIAN INCOME TAX AND THE SCHOOL WILL MAKE NECESSARY DEDUCTIONS AND PAYMENTS THEREFORE.)

(1) RIGHT TO IMPORT OR RE-EXPORT FREE FROM CUSTOMS DUTIES
AND OTHER TAXES THEIR PERSONAL EFFECTS, INCLUDING (BUT WITHOUT
BEING LIMITED THERETO) FURNITURE, HOUSEHOLD GOODS AND APPLIANCES
AT THE TIME OF FIRST TAKING UP THEIR POST IN ETHIOPIA OR WITHIN
SIX MONTHS THEREAFTER, PROVIDED, HOWEVER, THAT ALL CUSTOMS DUTIES
AND OTHER TAXES CHARGEABLE THEREON SHALL BECOME DUE AND SHALL
FIRST BE PAID IN ACCORDANCE WITH THE LAWS AND REGULATIONS IN
FORCE IN ETHIOPIA IF DISPOSED OF LOCALLY TO PERSONS OTHER
THAN THOSE ENJOYING SIMILAR EXEMPTIONS.

(2) EXEMPTION FROM INCOME TAX AND OTHER TAX LEVIED ON ALL
REMUNERATION OR EARNINGS WHICH THEY SHALL RECEIVE FOR THEIR
SERVICES AT ACS AND UPON WHICH THEY ARE SUBJECT TO PAY INCOME
OR SOCIAL SECURITY TAXES TO USG.

(3) SPECIAL IDENTIFICATION CARDS AND MULTIPLE EXIT AND
RE-ENTRY VISAS.

EMBASSY WISHES TO NOTE THAT AN INTERIM REPLY BY AUGUST 27
WOULD BE VERY HELPFUL IN NOTIFYING THE ETHIOPIAN SCHOLARSHIP
STUDENTS AND U.S.-HIRED STAFF THAT THE PROPOSED AGREEMENT WILL
ALLOW THE LEGAL AND FINANCIAL ARRANGEMENTS NECESSARY TO CONTINUE
THEIR PROGRAMS. FINAL AGREEMENT BY NOVEMBER, 1975 IS ESSENTIAL
TO ARRANGING SCHOLARSHIP AND STAFF MATTERS BEFORE THE SECOND
ACADEMIC SEMESTER. ASSURANCES CLOSING, END TEXT.

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